

January 7, 2004

TO: Don Johnson, Town Manager

FROM: Doug Halley, Health Director

SUBJECT: Budget Questions from Peter Ashton

The following are responses to Selectmen Ashton's questions regarding the budget submittals:

Question

Steve, Dave Brown, John and all other dept. heads with these types of funds - Along the same lines I would like to know 6/30/03 balances in all revolving, enterprise and gift accounts as well as anticipated increases/decreases in those funds for FY04, i.e., projected balances for 6/30/04. I know we use some monies from these accounts to help offset spending funded by taxation (as indicated in the budget book), but I am obviously interested in where these accounts are headed and to what extent we are depleting these accounts (or where more might be used). I am especially interested in projected NESWC accounts as we appear not to be funding anything out of taxation, yet we are hiring a consultant, plus self-funding \$420K in capital items.

Answer

The Health Department has responsibility to two Enterprise Funds and three revolving accounts. The status of the fund balances for each of these funds as of June 30, 2003 was as follows:

Septage Enterprise Fund	\$78,495
Food Service Revolving Fund	\$23,661
Hazardous Materials Revolving Fund	\$17,401
Nursing Service Enterprise Fund	\$362,042
Sealer of Weights & Measures	\$7,581

After several years of growth in these funds we are now seeing a downward trend in the balances. This is due to the increased expenditures for benefits and special projects. Revenues are not matching the expenditures because fees have not been increased in the past five years while salary compensation has increased by 15% during that same period. It is essential that fee increases be established that are dedicated to these funds.

Question

All dept heads - Manager's Message – p. 3: In order to put the \$23.4 million "Needs" budget into perspective, could you define the guidelines provided to staff in determining what "Needs" really means. For example, last year, you presented an estimate for the FY05 budget of \$22.1 million and now we are at \$23.4 million for FY05 – an increase of \$1.3 million. What explains the difference? Does this reflect any improvement in services, increases in demand, or inflation, or simply reflect the status quo, etc.?

Answer

The Health Department was not provided with specific guidelines in determining needs. However, the department developed needs based on the knowledge that resources were limited and that reduction of present resources were likely. If one were to divide needs into three categories of Critical, Essential and Necessary then the Health Department would categorize its budget proposal as a Critical Needs Budget. The proposed budget will reflect a degradation of current services that will have to suffice for the increases in demand for services.

Question

Doug and Bob - Fire/Health - With regard to the capital request for an oil/water separator/floor drain – isn't this the same type of item as DEP required at the Highway Dept.? If different, please explain. It seems to me that there is a significant risk here and we ought to fund this item or institute a no washing policy. \$25,000 seems like a small price to pay to prevent the difficulties we faced with DEP over the Highway tight tank issue.

Answer

This is a very similar item as DEP required at the Highway Department. All Town structures that house vehicles are required to meet the same standards that were applied at the DPW Building. This list includes the three fire stations, the police station, the civil defense building and the cemetery building. Due to these requirements the Town Manager has instituted a no-wash policy. This capital budget request along with a \$75,000 Closed Loop Cleaning System budget request were proposed as alternative measures meant to alleviate concerns regarding the no-wash policy. Both the Fire and Highway Departments believe there will be long term capital concerns if the existing fleet of vehicles are not washed appropriately and road salt and other substances are allowed to degrade the vehicles prematurely. The Health Department is seeking to find competitive grants for the Closed Loop Cleaning System